

October 14, 2013

Received & Inspected

CCT 2 4 2013

FCC Mail Room

Ms. Marlene H. Dortch Secretary Federal Communications Commission 445 12th Street, S.W. Washington, DC 20554

Re: In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208

Dear Ms. Dortch:

On behalf of K & M Telephone Company, Inc. ("K & M"), please find enclosed two copies of K & M's FCC Form 481, along with the redacted versions of the Confidential Financial Information.

One copy of the FCC Form 481, containing Confidential Financial Information is being filed under separate cover.

Please do not hesitate to contact me at (402) 441-4315 if you have any questions regarding this submission.

Respectfully submitted,

Jessica Meyer

Consultant

Consortia Consulting, Inc.

No. of Copies rec'd ()
List ABCDE

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<010>	Study Area Code 371565		reperted
<015>	Study Area Name K & M Telephone Company, Inc.		Med & Moh
<020>	Program Year 2014	RE	24 2013
<030>	Contact Name: Person USAC should contact with questions about this data Larry Woods		celved & Inspected OCT 24 2013 FCC Mail Room
<035>	Contact Telephone Number: Number of the person identified in data line <030> 402-482-5220		kco
<039>	Contact Email: Email of the person identified in data line <030> kmmgr@kmtel.net	ţ	
ANNUA	ĽREPORuNGHORANÚ GARRIERS		erizer teroso Gombineli temolotion Li Bremiel teroso
<100>	Service Quality Improvement Reporting	(complete attached worksheet)	(check box when complete)
<200> <210>	Outage Reporting (voice) X check box if no outages to report	(complete attached worksheet)	Х
<310>	Unfulfilled Service Requests (voice) Detail on Attempts (voice) Unfulfilled Service Requests (broadband) Detail on Attempts (broadband)	(attoch descriptive document) (attoch descriptive document)	X
<400> <410> <420> <440> <450>	Number of Complaints per 1,000 customers (voice) Fixed 0 Mobile Number of Complaints per 1,000 customers (broadband) Fixed Mobile		X
<510> <600> <610> <700> <710> <800> <900>	Service Quality Standards & Consumer Protection Rules Compliance Functionality in Emergency Situations Company Price Offerings (voice) Company Price Offerings (broadband) Operating Companies and Affiliates Tribal Land Offerings (Y/N)? No	(check to indicate certification) (attached descriptive document) (check to indicate certification) (attached descriptive document) (complete attached worksheet) (complete attached worksheet) (complete attached worksheet)	X X X X X X X X X X X X X X X X X X X
<1010> <1100> <1110>	Voice Services Rate Comparability Terrestrial Backhaul (Y/N)? Yes (## Terms and Condition for Lifeline Customers	(check to indicate certification) (attach descriptive document) not, check to indicate certification) (complete attached worksheet) (complete attached worksheet)	X
<2000> <2005>	Price Cap Carriers, Proceed to <u>Price Cap Additional Documentation Work</u> Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange C Rate of Return Carriers, Proceed to <u>ROR Additional Documentation Work</u>	arriers (check to indicate certification) (complete attached worksheet)	
<3000> <3005>		(check to indicate certification) (complete attached worksheet)	×

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<010>	Study Area Code	371565
<015>	Study Area Name	K & M Telephone Company, Inc.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Larry Woods
<035>	Contact Telephone Number - Number of person identified in data line <030>	402-482-5220
<039>	Contact Email Address - Email Address of person identified in data line <030>	kmmgr@kmtel.net
<110>		(ou)
<111>	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no)
·	If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.	
<112>	Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which receives only frozen support, your progress report is only required to address voice telephony service	Name of Assached Deciment Calif.
	Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.	Name of Attached Document (-par)
<113><114><115><1115><1115><1116><1116><1117><1118> 118	Maps detailing progress towards meeting plan targets Report how much universal service (USF) support was received How (USF) was used to improve service quality How (USF) was used to improve service coverage How (USF) was used to improve service capacity Provide an explanation of network improvement targets not met	

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and the state of t									Resolution														
								Did This Outage Affect Multiple	(Yes / No)														
		трапу, Іпс.						Outs On (C	all that apply)														
	371565	K & M Telephone Company, Inc.	2014	Larry Woods	402-482-5220	kmmgr@kmtel.net		911 Facilities Affected	(Yes / No)														
								Total Number of	Customers						1000								
					6	<0		Number of	Customers Affected														
				s data	Contact Telephone Number - Number of person identified in data line <030>	Contact Email Address - Email Address of person identified in data line <030>	SE ZOASUMERS	5	Time														
				t regarding thi	rson identified	erson identifiec		<u> </u>	Date														
				should contac	· Number of pe	I Address of pe		Outage Start Outage Start	Time														
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PODE SECUCION SOM	Study Area Code	Study Area Name	Program Year	Contact Name	Contact Telep	Contact Email		NORS Reference	Number														
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<010> Study Area Code		171565
<015> Study Area Name		K & M Telephone Company, Inc.
<020> Program Year		2014
<030> Contact Name - Person USAC should contact regarding this data		Larry Woods
<035> Contact Telephone Number - Number of person identified in data line <030>		402-482-5220
<039> Contact Email Address - Email Address of person identified in data line <030>		kmmgr@kmtel.net
<810> Reporting Carrier K & M Telephone Company Inc.		
Holding Company		
ΙI		
<813> **PARTING TO CONTROL OF THE		
Affiliates	SAC	Doing Business As Company or Brand Designation
	The state of the s	
	The state of the s	

government pursuant to § 54.313(a)(9) includes: <921> Needs assessment and deployment planning with a focus on community anchor institutions; <922> Feasibility and sustainability planning; <923> Marketing services in a culturally sensitive manner; <924> Compliance with Rights of way processes <925> Compliance with Eacilities Sting rules <926> Compliance with Facilities Sting rules
 Compliance with Facilities Siting rule Compliance with Eacilities Siting rule

400 (10 (10 (10 (10 (10 (10 (10 (10 (10 (a line <030>	ta line <030>					
t (viol) Noticer escript Bis eknerul Reponding.	Study Area Code			Contact Name - Person USAC should contact regarding this data		Contact Email Address - Email Address of person identified in data line <030>	Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)	Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)			
(((((((((((((((((((<010>	<015>	<020>	<030>	<035>	<039>	<1120>	<1130>			

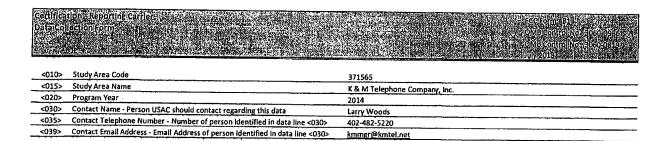
Ecigomusi DNB commins successors Carlo summing successors	S/1555 K.& M Telenhone Company Inc	2014	Larry Woods	402-482-5220	kmmgr@kmtel.net	37156Sne1210.pdf Name of attached document (.pdf)		
Uffeline 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	ŀ		<030> Contact Name - Person USAC should contact regarding this data	<035> Contact Telephone Number - Number of person identified in data line <030>	<039> Contact Email Address - Email Address of person identified in data line <030>	<1210> Terms & Conditions of Voice Telephony Lifeline Plans Name of	<1220> Link to Public Website HTTP	tes below to confirm that the attached PDF, basite listed, on line 1220, contains the ursuant to § 54.422(a)(2) annual reporting income support, carriers must annually hing the terms and conditions of any voice (is plans offered to Lifeline subscribers, er of minutes provided as part of the plan, coll calls, and rates for each such plan.

alectore of territorials.				CHECK the boxes below to note compliance as a recipient of incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.				Ι					1				nation
		ina (1975)	line <030>	liance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge red support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.		54.312(a)}								2021,), as a recipient ddresses of	to broadband	Name of Attached Document Listing Required Information
e, Bolladion segue Afrillo Pare 9t Februares afrilanes ath pare Copus an Essamos Com	Study Area Code Study Area Name	rrogiani real Contact Name - Person USAC should contact regarding this data Contact Talaphone Nimber of nercon identified in data line o	Contact Email Address - Email Address of person identified in data line	boxes below to note compliance as a recipient of Incremental Connec support as set forth in 47 CFR § 54.3.13(b).(Incremental Connect America Phase I reporting 2nd Year Certification (47 CFR § 54.313(b)(1)) 3rd Year Certification (47 CFR § 54.313(b)(2))	rt Certification {47 CFR §	2013 Frozen Support Certification 2014 Frozen Support Certification	2015 Frozen Support Certification	2016 and future Frozen Support Certification	Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)} Certification Support Used to Build Broadband	Connect America Phase II Reporting {47 CFR § 54.313(e)}	3rd year Broadband Service Certification	oth year broaddand service Certification interim Progress Certification	Please check the box to confirm that the attached PDF, on line 2021,	contains the required information pursuant to \S 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of	community anchor institutions to which began providing access to broadband	service in the preceding calendar year. Interim Progress Community Anchor Institutions
Paper (Bolley) Predicities of	<010> St <015> St		1 1	CHECK the b	ות <2010> <2011>		<2012> <2013>	<2014>	<2015>	Pr i <2016>	క	<2017>	<2018>	<2020>			<2021>

371565	K & M Telephone Company	2015	Larry Woods	402-481-5220	kmmgr@kmtel.net
3> Study Area Code	5> Study Area Name)> Program Year	<030> Contact Name - Person USAC should contact regarding this data	5> Contact Telephone Number - Number of person identified in data line <030>	3> Contact Email Address - Email Address of person identified in data line <030>
<01(<015	<02C	ς03C	<035	<035

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

]	Yes (Yes/No)	×	371565ne3017.pdf [(Yes/No)							
Name of Attached Document Listing Required Information		Name of Attached Document Listing Required Information		Name of Attached Document Listing Required Information							Name of Attached Document Listing Required Information
Progress Report on 5 Year Plan Milestone Certification (47 CFI§ 54.314()(1)(i)) Please theck this box to confirm that the stracked OPE on line 2012	contains the required information pursuant to § 54.313 (fl(1)fiil), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadhand service in the preceding calendar year.		requiries. Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) PDF of Balance Sheet, Income Statement and Statement of Cash Flows	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation if the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313ff(2), contains	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications PDF of Balance Sheet, Income Statement and Statement of Cash Flows	Management letter issued by the independent certified public accountant that performed the company's financial audit.	If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), consine.		Borrowers, Undertying information subjected to a review by an independent certified public accountant		Attach the worksheet listing required information
(3010)		(3012) (3013) (3014)	(3015)	(3017)	3019)	3021}		3022)	3023)	3024) 3025)	3026)



TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Signature of Authorized Officer: V A Common & Co	Date V 9 - 13 - 13
	Date / 9 - 13 - /3
Signature of Authorized Officer: V A Change A / Williams	Date / 9 - 13 - 13
5 1 1 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1	(22 12
Name of Reporting Carrier: K & M Telephone Company, Inc.	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirections; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	rements for universal service support

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<010>	Study Area Code
<015>	Study Area Name
<020>	Program Year
<030>	Contact Name - Person USAC should contact regarding this data
<035>	Contact Telephone Number - Number of person Identified in data line <030>
<039>	Contact Email Address - Email Address of person identified in data line <030>

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

I certify that (Name of Agent) also certify that I am an officer of the reporting carrier; my agent; and, to the best of my knowledge, the reports and d		submit the information reported on behalf of the reporting carr ne annual data reporting requirements provided to the authorize
Name of Authorized Agent:		
Name of Reporting Carrier:		
Signature of Authorized Officer:		
Printed name of Authorized Officer:		Date:
Title or position of Authorized Officer:		
Telephone number of Authorized Officer:		
Study Area Code of Reporting Carrier:	Filing Due Date for this form:	10/15/2013

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent A	Authorized to File Annual Reports for CAF or LI Recipion	ents on Behalf of Reporting Carrier
i, as agent for the reporting carrier, certify that I am au the data reported herein based on data provided by thi	thorized to submit the annual reports for universal service supports for universal service servic	ort recipients on behalf of the reporting carrier; I have provide nation reported herein is accurate.
Name of Reporting Carrier:		
Name of Authorized Agent or Employee of Agent:		
Signature of Authorized Agent or Employee of Agent:		Date:
Printed name of Authorized Agent or Employee of Agent:		vale:
Title or position of Authorized Agent or Employee of Ager	ot .	
Telephone number of Authorized Agent or Employee of A	gent:	
study Area Code of Reporting Carrier:	Filing Due Date for this form:	10/15/2013
Persons willfully making false statements on this for	m can be punished by fine or forfeiture under the Communications Act of 18 of the United States Code, 18 U.S.C. § 1001.	

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015> Study Area Name	,				
:020: Program Year	· ,	 ,	A second	,	
030: Contact Name - Person USAC should contact regarding this	data				
035: Contact Telephone Number - Number of person identified	in data line <030>				
:039: Contact Email Address - Email Address of person identified					
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Filed as reviewed consolidated company	Ц		Filed as audited consolidated company	\vdash	
Filed as subsidiary of reviewed consolidated company			Filed as subsidairy of audited consolidated company		
					 1
We hereby certify that the entries in this report are in accordance		CERTIFICA	ATION Everyon and reflect the status of the system to the best of our	knowledge and belief.	
We hereby certify that the entries in this report are in accordance	e with the accounts and	other records or the	system and reflect the states of the system to the second		
					Ī
Signature		Date PART A. BALA	NCE SHEET		
	BALANCE PRIOR	BALANCE END OF	THE STEET	BALANCE PRIOR	BALANCE END OF
ASSETS	YEAR	PERIOD	LIABILTIES AND STOCKHOLDERS' EQUITY	YEAR	PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current MatCapital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable		,	35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
			39. Funded Debt-Other		
0. Total Current Assets (1 Thru 9)		HIHIHI	40. Funded Debt-Rural Develop, Loan		
NONCURRENT ASSETS		HHHHH	41. Premium (Discount) on L/T Debt		
Investment in Affiliated Companies			42. Reacquired Debt		
a, Rural Development			43. Obligations Under Capital Lease		
b. Nonrural Development			44. Adv. From Affiliated Companies		
2. Other Investments			45. Other Long-Term Debt		
a. Rural Development			46. Total Long-Term Debt (36 thru 45)		
b. Nonrural Development			OTHER LIAB. & DEF. CREDITS		<i>IIIIIIIII</i>
			47. Other Long-Term Liab新tles		
3. Nonregulated investments		1	48. Other Deferred Credits		
4. Other Noncurrent Assets		† -	49. Other Jurisdictional Differences		
5. Deferred Charges		 	50. Total Other Liabilities and Deferred Credits (47 thru	19)	
6. Jurisdictional Differences		·	EQUITY	HIIIIIII	
7. Total Noncurrent Assets (11 thru 16)		millimik	51. Cap. Stock Outstanding & Subscribed		
		<i>XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX</i>	52. Additional Pald-In-Capital		
PLANT, PROPERTY, AND EQUIPMENT	- minimu	anninininininininininininininininininin	53. Treasury Stock		
	i	 	S4. Membership and Cap. Certificates		
8. Telecom, Plant-in-Service					
9. Property Held for Future Use					
Property Held for Future Use Plant Under Construction			SS. Other Capital		
9. Property Held for Future Use 0. Plant Under Construction 1. Plant Adj., Nonop. Plant & Goodwill			55. Other Capital 56. Patronage Capital Credits		
9. Property Held for Future Use 0. Plant Under Construction 1. Plant Adj., Nonop. Plant & Goodwill 2. Less Accumulated Depreciation			Other Capital Patronage Capital Credits Retained Earnings or Margins		
9. Property Held for Future Use 0. Plant Under Construction 1. Plant Adj., Nonop. Plant & Goodwill			55. Other Capital 56. Patronage Capital Credits 57. Retained Earnings or Margins 58. Total Equity (51 thru 57)		

(3003b) Operating Report for Privately Held Rate of Return Carriers

Income Statement: Data Collection Form

<010> Study Area Code
<015> Study Area Name
<020> Program Year
<030> Contact Name - Person USAC should contact regarding this data
<035> Contact Telephone Number - Number of person identified in data line <030>

	PART B. STATEMENTS OF INCOME AND RETAINED EARINGS OR MARGINS	·····	
	ITEM	PRIOR YEAR	THIS YEAR
1.	Local Network Services Revenues		
2.	Network Access Services Revenues		
3.	Long Distance Network Services Revenues		
4.	Carrier Billing and Collection Revenues		
5.	Miscellaneous Revenues		
6.	Uncollectible Revenues		
7	Net Operating Revenues (1 thru 5 less 6)		
8.	Plant Specific Operations Expense		
9.	Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
0	Depreciation Expense		
1.	Amortization Expense		
2	Customer Operations Expense		
3.	Corporate Operations Expanse	·	
١	Total Operating Expenses (8 thru 13)		
j	Operating Income or Margins (7 less 14)		
j	Other Operating Income and Expenses	† ····	
<u>'.</u>	State and Local Taxes	 	
ļ	Federal Income Taxes	 	
).	Other Taxes	 	
	Total Operating Taxes (17+18+19)		
	Net Operating Income or Margins (15+16-20)		
	Interest on Funded Debt	 	
	Interest Expense - Capital Leases	-	
	Other Interest Expense		
. -	Allowance for Funds Used During Construction	-	
	Total Fixed Charges (22+23+24-25)		
	Nonoperating Net Income	-	
	Extraordinary Items		
	Jurisdictional Differences		
	Nonregulated Net Income		
	Total Net Income or margins (21+27+28+29+30-26)		
	Total Taxes Based on Income		
	Retained Earnings or Margins Beginning-of-Year		
	Miscellaneous Credits Year-to-Date		
	Dividends Declared (Common)		
	Dividends Declared (Preferred)		
	Other Debits Year-to-Date		
	Transfers to Patronage Capital		
	Retained Earnings or Margins end-of-Period [(31+33+34)-(35+36+37+38)]		
	Patronage Capital Beginning-of-Year		
	Transfers to Patronage Capital		
	Patronage Capital Credits Retired		
	Patronage Capital End-of-Year (40+41-42)	·	
	Annual Debt Service Payments		
	Cash Ratio [(14+20-10-11)/7]		
	Operating Accrual Ratio [(14+20+26)/7]		
	TIER [(31+26)/26]		

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<010>> Study Area Code
< Study Area Name</p>
< Program Year</p>
< Contact Name - Person USAC should contact regarding this data</p>
< Contact Telephone Number - Number of person identified in data line <030>
< Contact Email Address - Email Address of person identified in data line <030>

	PART C. STATEMENTS OF CASH FLOWS	
ri	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
\perp	CASH FLOWS FROM OPERATING ACTIVITIES	
~	Net Income	
_]	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
m	Add: Depreciation	
4	Add: Amortization	
Ŋ	Other (Explain)	
	Changes in Operating Assets and Liabilities	
6	Decrease/(Increase) in Accounts Receivable	
7.	Decrease/(Increase) in Materials and Inventory	
∞i	Decrease/(Increase) in Prepayments and Deferred Charges	
وز	Decrease/(Increase) in Other Current Assets	
띉	Increase/(Decrease) in Accounts Payable	
듸	Increase/(Decrease) in Advance Billings & Payments	
7	Increase/(Decrease) in Other Current Liabilities	
피	Net Cash Provided/(Used) by Operations	
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	
15.	Increase/(Decrease) in Notes Payable	
15.	Increase/(Decrease) in Customer Deposits	
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
138	Increase/(Decrease) in Other Liabilities & Deferred Credits	
13	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
S S	Less: Payment of Dividends	
21.	Less: Patronage Capital Credits Retired	
22	Other (Explain)	
23	Net Cash Provided/(Used) by Financing Activities	
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	erty, Plant & Equipment)	
25.	Other Long-Term Investments	
26.	Other Noncurrent Assets & Jurisdictional Differences	
27.	Other (Explain)	
28	Net Cash Provided/(Used) by Investing Activities	
29.	Net Increase/(Decrease) in Cash	
8	Ending Cash	

K & M Telephone Company, Inc.

<u>Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules</u>

Service Quality Standards

K & M Telephone Company, Inc. (herein after the "Company"):

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.
- Advertises the availability of its services and the charges using media of general distribution and on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call during normal business hours.
- Directs after hour calls to the Company's voice mail system with the option to call emergency contacts.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
 - o Answer all incoming calls promptly.
 - Respond to all inquiries for information promptly and courteously.
 - o Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
 - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- · Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

K & M Telephone Company, Inc.

Nebraska Telephone Assistance Program Terms and Conditions

Nebraska Telephone Assistance Program

The Nebraska Telephone Assistance Program (NTAP) is available for qualifying customers of K & M Telephone Company, Inc. (herein after the "Company"). NTAP assistance reduces the cost of basic, monthly local telephone service. Eligible consumers can receive up to \$12.75 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in NTAP. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers may not be charged a deposit.

NTAP is administered by the Nebraska Public Service Commission.

NTAP Eligibility Information

Program Based Eligibility

To qualify for NTAP, subscribers must either have an income that is at or below 135% of the Federal Poverty Guidelines, or the subscriber, one or more of the subscriber's dependents, or the subscriber's household must receive benefits from one of the following assistance programs:

- Low-Income Home Energy Assistance Program (LIHEAP)
- Federal Public Housing Assistance (Section 8)
- Medicaid
- Children's Health Insurance Program /Kids Connection (SAM, MAC or EMAC)
- Supplemental Nutrition Assistance Program (SNAP); (formerly the Food Stamps Program)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- National School Lunch Program Free Lunch program
- State assistance programs (if applicable)

NTAP application may be obtained for the Company, the local *Health and Human Services* agency caseworker or the *Nebraska Public Service Commission (NPSC)*, The contact information for the NPSC is 1200 N Street, Suite 300, PO Box 94927, Lincoln, NE 68508-4927, Phone: 402-471-3101, Tol I Free: 1-800-526-0017 or https://ntap.gisworkshop.com/

NTAP applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for NTAP if their household income is at or below 135% of the federal poverty guidelines.

2013 Federal Poverty Guidelines - 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,512	\$19,373	\$17,861
2	\$20,939	\$26,163	\$24,098
3	\$26,366	\$32,954	\$30,335
4	\$31,793	\$39,744	\$36,572
5	\$37,220	\$46,535	\$42,809
6	\$42,647	\$53,325	\$49,046
7	\$48,074	\$60,116	\$55,283
8	\$53,501	\$66,906	\$61,520
For each additional person, add	\$5,427	\$6,791	\$6,237

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Numbers of Minutes-of-Use Provided as Part of NTAP Program Service

The Company's Voice NTAP service includes unlimited local minutes-of-use within the toll-free calling area. The Company's Voice NTAP Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the NTAP service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the NTAP credit on any type or grade of local service, including bundled services that are normally offered by the Company. Advertised rates do not include any applicable taxes or surcharges.

Recertification of NTAP Eligibility

NTAP recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for NTAP will result in termination of the NTAP recipient's monthly NTAP discount and de-enrollment from NTAP.

Additional NTAP Program Information

NTAP is limited to one benefit per household, consisting of either wire line or wireless service. A household is defined as an individual or group of individuals who live together at the same address and share income and expenses. NTAP is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

K & M Telephone Company, Inc.

Functionality in Emergency Situations

Back-Up Power

K & M Telephone Company, Inc. (herein after the "Company") has reasonable back-up power to keep equipment functioning during commercial electrical power interruptions. Central offices have stand-by generators that come on-line automatically if power is interrupted. Remote equipment cabinets and huts have battery supplied power that will keep the equipment operational until portable generators can be deployed. An adequate number of portable generators are maintained to cover a wide spread power outage.

Rerouting of Traffic around Damaged Facilities

The Company will be able to reroute traffic around damaged facilities. Connecting companies have redundant routing for signaling and trunk traffic. The Company has plans in place to repair local facilities in a timely manner to restore traffic capability.

Traffic Spikes

The Company's switching and transport equipment has sufficient capacity to handle any unexpected spike in traffic. Trunking capacity has been installed at the capacity of normal engineering practices. The switching equipment has a very significant reserve of unused capacity.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions,

scarching existing data sources, gathering and mainta		completing and reviewir	ng the collection of information.			
USDA	-RUS	•	This data will be used by RUS to review your financial situation. Y	our response is required by 7	U.S.C. 901 et seq.	
			and, subject to federal laws and regulations regarding confidential	Information, will be treated t	rs confidential.	
·			BORROWER NAME			
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			K. & M. Telephone Company, Inc.			
			(Prepared with Audited Data)			
INSTRUCTIONS-Submit report to RUS within 3	0 days after close of the	period.	PERIOD ENDING	BORROWER DESIGNAT	ION	
For detailed instructions, see RUS Bulletin 1744	-2. Report in whole doll	ars only.	December, 2012	NE0548		
		С	ERTIFICATION	·		
to the best of our knowledge and beli ALL INSURANCE REQUIRED B RENEWALS HAVE BEEN OBTA	ef Y 7 CFR PART 178 INED FOR ALL PO	8, CHAPTER XVI DLICIES.	counts and other records of the system and reflect the sta II, RUS, WAS IN FORCE DURING THE REPORTI	NG PERIOD AND		
DURING THE PE	RIOD COVERED B	Y THIS REPORT (Check on	PURSUANT TO PART 1788 OF 7CFR CHAPTER e of the following)	XVII		
X All of the obligations under the RUS loan have been fulfilled in all material respects			There has been a default in the fulfillment of the obliq under the RUS loan documents. Said default(s) is/a specifically described in the Telecom Operating Rep	re		
Dennis Werner	<u> </u>	3/9/2013	•			
		DATE	-			
, , , , , , , , , , , , , , , , , , ,	· · · · · · · · · · · · · · · · · · ·	PART	A. BALANCE SHEET			
	BALANCE	BALANCE		DAI ANOT	B41 47:5-	
ASSETS	PRIOR YEAR	END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE	BALANCE	
CURRENT ASSETS			CURRENT LIABILITIES	PRIOR YEAR	END OF PERIOD	
Cash and Equivalents						
2. Cash-RUS Construction Fund	 		25. Accounts Payable			
3. Affiliates:	i i i i i i i i i i i i i i i i i i i		26. Notes Payable			
			27. Advance Billings and Payments			
a. Telecom, Accounts Receivable	_		28. Customer Deposits			
b. Other Accounts Receivable			29. Current Mat. L/T Debt			
c. Notes Receivable		19556512.899888588888000000000000000000000000000	30. Current Mat. L/T Debt-Rur, Dev.			
4. Non-Affiliates:			31. Current MatCapital Leases			
a. Telecom, Accounts Receivable			32. Income Taxes Accrued			
b. Other Accounts Receivable			33. Other Taxes Accrued			
c. Notes Receivable	_		34. Other Current Liabilities			
Interest and Dividends Receivable	_		35. Total Current Liabilities (25 thru 34)			
Material-Regulated	_		LONG-TERM DEBT			
7. Material-Nonregulated	_{}	į.	36. Funded Debt-RUS Notes			
3. Prepayments		Å.	37. Funded Debt-RTB Notes			
Other Current Assets	3	1	38. Funded Debt-FFB Notes			
). Total Current Assets (1 Thru 9)	L	Á	39. Funded Debt-Other			
ONCURRENT ASSETS			10. Funded Debt-Rural Develop. Loan	B B		
. Investment in Affiliated Companies			11. Premium (Discount) on L/T Debt			
a. Rural Development			2. Reacquired Debt			
b. Nonrural Development		14	3. Obligations Under Capital Lease			
. Other investments			14. Adv. From Affiliated Companies			
a. Rural Development			5. Other Long-Term Debt			
b. Nonrural Development			6. Total Long-Term Debt (36 thru 45)			
. Nonregulated investments		7	OTHER LIAB. & DEF. CREDITS			
Other Noncurrent Assets	l.		7. Other Long-Term Liabilities			
. Deferred Charges		7	8. Other Deferred Credits			
Jurisdictional Differences		7	9. Other Jurisdictional Differences			
Total Noncurrent Assets (11 thru 16)	1	*	0. Total Other Liabilities and Deferred Credits (47 thru 49)			
ANT, PROPERTY, AND EQUIPMENT		i i i i i i i i i i i i i i i i i i i	QUITY		ne on Santanas d	
Telecom, Plant-in-Service			Cap. Stock Outstand. & Subscribed			
Property Held for Future Use	la l	ϵ	2. Additional Paid-in-Capital			
Plant Under Construction		_	3. Treasury Stock			
Plant Adj., Nonop. Plant & Goodwill			Heastly Glock Membership and Cap. Certificates			
Less Accumulated Depreciation			5. Other Capital			
Net Plant (18 thru 21 less 22)		Y	Other Capital Patronage Capital Credits			
TOTAL ASSETS (10+17+23)		/ [
TOTAL COOL TO LIVE IT THEY		_	7. Retained Earnings or Margins			
			8. Total Equity (51 thru 57)			
I		58	. TOTAL LIABILITIES AND EQUITY (35+46+50+58)			
				1		

RESIDENT STREET OF 18 POON **REDACTED - FOR PUBLIC INSPECTION USDA-RUS** BORROWER DESIGNATION NEO548 **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS** PERIOD ENDING INSTRUCTIONS- See RUS Bulletin 1744-2 December, 2012 PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS ITEM PRIOR YEAR THIS YEAR 1. Local Network Services Revenues Network Access Services Revenues 3. Long Distance Network Services Revenues 4. Carrier Billing and Collection Revenues 5. Miscellaneous Revenues Uncollectible Revenues 7. Net Operating Revenues (1 thru 5 less 6) 8. Plant Specific Operations Expense 9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization) Depreciation Expense 11. Amortization Expense 12. Customer Operations Expense 13. Corporate Operations Expense 14. Total Operating Expenses (8 thru 13) Operating Income or Margins (7 less 14) Other Operating Income and Expenses 16. 17. State and Local Taxes 18. Federal Income Taxes 19 Other Taxes 20. Total Operating Taxes (17+18+19) Net Operating Income or Margins (15+16-20) 22. Interest on Funded Debt Interest Expense - Capital Leases 23. Other Interest Expense Allowance for Funds Used During Construction Total Fixed Charges (22+23+24-25) 27. Nonoperating Net Income 28. Extraordinary Items 29. Jurisdictional Differences 30. Nonregulated Net Income Total Net Income or Margins (21+27+28+29+30-26) 31. Total Taxes Based on Income 32. 33. Retained Earnings or Margins Beginning-of-Year 34. Miscellaneous Credits Year-to-Date Dividends Declared (Common) Dividends Declared (Preferred) 36. Other Debits Year-to-Date Transfers to Patronage Capital Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)] Patronage Capital Beginning-of-Year Transfers to Patronage Capital Patronage Capital Credits Retired Patronage Capital End-of-Year (40+41-42) Annual Debt Service Payments Cash Ratio [(14+20-10-11) / 7] Operating Accrual Ratio [(14+20+26) / 7] TIER [(31+26) / 26]

DSCR [(31+26+10+11) / 44]

USDA-RUS BORROWER DESIGNATION NE0548 OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS PERIOD ENDED December, 2012 INSTRUCTIONS - See RUS Bulletin 1744-2 Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION 1. RATES 2. SUBSCRIBERS (ACCESS LINES) 3. ROUTE MILES EXCHANGE B-1 R-1 BUSINESS TOTAL (including fiber) (a) RESIDENTIAL TOTAL FIBER (a) (b) (b) No. Exchanges

	USDA-RUS BORROWER DESIGNATION								
	USDA-RUS								
1	ODERATING DEPOSIT FOR								
	OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS								
				ř			December, 20	J12	
	INSTRUCTIONS - See RUS Bulletin 1744-2								
	Part C	. SUBSCRIBER	(ACCESS LINE)	ROTITE MILE	& WICH SPEED	DATA INDODA	1 mrosv		
				ROADBAND SER		DATAINFORM	ATION		
						sive Broadband S	envice		
EXCHANGE	with BB available	No Of Broadband Subscribers	Number Of Subscribers	Advertised Download Rate (Kbps)	Advertised Upload Rate (Kbps)	Price Per Month	Standalone/Pckg	Type Of Technology	
	(a) (b) (c) (d) (e) (f)							(g)	
in. Total								Á	
					· · · · · · · · · · · · · · · · · · ·				

USDA-RUS OPERATING REPORT F TELECOMMUNICATIONS BOR INSTRUCTIONS- See RUS Bulletin 1744-2		Military and a second a second and a second	NE0548 PERIOD ENDI December,		
TELECOMMUNICATIONS BOR			PERIOD ENDI		
		-			
INSTRUCTIONS- See RUS Bulletin 1744-2				~ U L L	
	PART D. SYST	EM DATA			
1. No. Plant Employees No. Other Employees	3. Square Miles Serve	×	4. Access Lines per Squ	aare Mile	5. Subscribers per Route Mile
	PART E. TOL	L DATA			
Study Area ID Code(s) 2. Types of Toli	Settlements (Check of	one)			·
b.	· · · · · · · · · · · · · · · · · · ·	Interstate:	Average Schede	ile	Cost Basis
c		Intrastate:	Average Schedu	ile	Cost Basis
e					
9.	•				
h					
<u> </u>					
* 					
PART F. FI	UNDS INVESTED IN	PLANT DURING YE	EAR		
RUS, RTB, & FFB Loan Funds Expended		***************************************			
Other Long-Term Loan Funds Expended					
Funds Expended Under RUS interim Approval	· · · · · · · · · · · · · · · · · · ·				
Other Short-Term Loan Funds Expended					
General Funds Expended (Other than Interim)					
Salvaged Materials	,				
Contribution in Aid to Construction					
Gross Additions to Telecom. Plant (1 thru 7)					
PART G. IN	VESTMENTS IN AFF	ILIATED COMPANI	IES		
	CURRENT	YEAR DATA		CUMULATIVE DA	TA
]		Cumulative	Cumulative	
INVESTMENTS	Investment	Income/Loss	Investment	Income/Loss	Current
	This Year	This Year	To Date	To Date	Balance
(a)	(b)	(c)	(4)	(e)	Ø
nvestment in Affiliated Companies - Rural Development nvestment in Affiliated Companies - Nonrural Development					

USDA-RUS BORROWER DESIGNATION **OPERATING REPORT FOR** NE0548 TELECOMMUNICATIONS BORROWERS PERIOD ENDING December, 2012 PART H. CURRENT DEPRECIATION RATES Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) X YES NO **EQUIPMENT CATEGORY** DEPRECIATION RATE Land and support assets - Motor Vehicles Land and support assets - Aircraft Land and support assets - Special purpose vehicles Land and support assets - Garage and other work equipment Land and support assets - Buildings Land and support assets - Furniture and Office equipment Land and support assets - General purpose computers Central Office Switching - Digital Central Office Switching - Analog & Electro-mechanical 10. Central Office Switching - Operator Systems 11. Central Office Transmission - Radio Systems 12. Central Office Transmission - Circuit equipment 13. Information origination/termination - Station apparatus 14. Information origination/termination - Customer premises wiring 15. Information origination/termination - Large private branch exchanges 16. Information origination/termination - Public telephone terminal equipment 17. Information origination/termination - Other terminal equipment 18. Cable and wire facilities - Poles 19. Cable and wire facilities - Aerial cable - Metal 20. Cable and wire facilities - Aerial cable - Fiber 21. Cable and wire facilities - Underground cable - Metal 22. Cable and wire facilities - Underground cable - Fiber 23. Cable and wire facilities - Buried cable - Metal Cable and wire facilities - Buried cable - Fiber 25. Cable and wire facilities - Conduit systems 26. Cable and wire facilities - Other

1	1004 000	DODDOWED DESIGNATION
1	USDA-RUS	BORROWER DESIGNATION NE054B
	OPERATING REPORT FOR	MEGDAG
	TELECOMMUNICATIONS BORROWERS	PERIOD ENDED
IN	STRUCTIONS – See help in the online application.	December, 2012
-		
1	PART I – STATEMENT OF C. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	ASH FLOWS
 	CASH FLOWS FROM OPERATING ACTIVITIE	
2.	Net Income	E8
	Adjustments to Reconcile Net Income to Net Cash Provided by (0
3.	Add: Depreciation	Operating Activities
4.		
5.	Other (Explain)	
	Changes In Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	
7.	Decrease/(Increase) in Materials and Inventory	
8.	Decrease/(Increase) in Prepayments and Deferred Charges	· · · · · · · · · · · · · · · · · · ·
9.	Decrease/(Increase) in Other Current Assets	
10.	Increase/(Decrease) in Accounts Payable	
11.	Increase/(Decrease) in Advance Billings & Payments	
12.	Increase/(Decrease) in Other Current Liabilities	
13.	Net Cash Provided/(Used) by Operations	
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	
15.	Increase/(Decrease) in Notes Payable	
16.	Increase/(Decrease) in Customer Deposits	
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	
19.	Increase/(Decrease) in Capital Stock, Pald-in Capital, Membership and Capital Certificat	tes & Other Capital
20.	Less: Payment of Dividends	
21. 22.	Less: Patronage Capital Credits Retired	
ZZ. 1	Other (Explain)	
1		
23.	Net Cash Provided/(Used) by Financing Activities	
24.	CASH FLOWS FROM INVESTING ACTIVITIES Net Capital Expenditures (Property, Plant & Equipment)	
25.	Other Long-Term Investments	
26.	Other Noncurrent Assets & Jurisdictional Differences	
27.	Other (Explain)	
(, , , , , , , , , , , , , , , , , , ,	
8.	Net Cash Provided/(Used) by Investing Activities	
	Net Increase/(Decrease) in Cash	
0.	Ending Cash	
8.	Net Cash Provided/(Used) by Investing Activities Net Increase/(Decrease) in Cash	Revision Date 2010

USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	NE0548 ,
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
NOTES TO THE OPERATING REPORT	FOR TELECOMMUNICATIONS BORROWERS
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USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	NE0548
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
CERTIFICATION LOAN DEFAULT NOTES TO THE O	PERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

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<010	> Study Area Code 371565		
_<015	> Study Area Name K & M Telephone Company, Inc.		ected
_<020	> Program Year 2014	٧.ه.	1300
<030	> Contact Name: Person USAC should contact with questions about this data Larry Wo	oods control o	A 2013
<035	> Contact Telephone Number:	See OCI	· Aail Floor
<039	Contact Email:	5220 FOC	NAZII FROM
ANNU	Altererorating for Autopartities in data line <030> kmmgr@km	<u>ntel.net</u>	Eriste Syktem Completely completely
<100>	Service Quality Improvement Reporting	(complete attached worksheet)	Required Required (check box when complete)
<200> <210>	S	(complete attached worksheet) port	Х Х
<300> <310> <320> <330>	Detail on Attempts (voice)	(attach descriptive document)	×
<400> <410> <420>	Number of Complaints per 1,000 customers (voice) Fixed Mobile Number of Complaints per 1,000 customers (broadband)		X
<440> <450>	Fixed Mobile		
<600>	Service Quality Standards & Consumer Protection Rules Compliance Functionality in Emergency Situations	(check to indicate certification) (attached descriptive document) (check to indicate certification)	X
<710>	Company Price Offerings (voice) Company Price Offerings (broadband) Operating Companies and Affiliates	(attached descriptive document) (complete attached worksheet) (complete attached worksheet)	X X
<900> :1000> :1010>	Tribal Land Offerings (Y/N)? No Voice Services Rate Comparability	(complete attached worksheet) (If yes, complete attached worksheet) (check to indicate certification) (attach descriptive document)	×
1110>	Terrestrial Backhaul (Y/N)? Yes Terms and Condition for Lifeline Customers	(If not, check to indicate certification) (complete attached worksheet) (complete attached worksheet)	×
2000>	Price Cap Carriers, Proceed to <u>Price Cap Additional Documentation (</u> Including Rate-of-Return Carriers affiliated with Price Cap Local Exchai	Worksheet nge Carriers	
2005>	Rate of Return Carriers, Proceed to BOD Addistricts	(check to indicate certification) (complete attached worksheet)	
3000> 3005>	Rate of Return Carriers, Proceed to <u>ROR Additional Documentation</u>	Worksheet (check to indicate certification) (complete attached worksheet)	X X

(no) (yes / no)	GC (grm 483) Misconico No. 2056, 6286 SMB Conico No. 3050, 1813	371565 K & M Telephone Company, Inc. 2014 Larry Woods 402-482-5220 kmmgr@kmtel.net (no) (yes / no)	Name of Attached Document (.pdf)
### Contact Contact Name - Person USAC should contact regarding this data collaboration Form - Person USAC should contact regarding this data collaboration Name - Person USAC should contact regarding this data collaboration Name - Person USAC should contact regarding this data in collaboration Name - Person USAC should contact regarding this data in collaboration Name - Person USAC should contact regarding this data collaboration Name - Person USAC should contact regarding this data line collaboration Name - Person USAC should contact regarding this data line collaboration Name - Person USAC should contact regarding this data line collaboration Name - Person USAC should contact regarding this data line collaboration Name - Person USAC should contact regarding this data line collaboration Name - Person to line call Doi year, do you have an existing \$5.4.202(a) "5 year plan" filed with the FCC, as it relates to your progress report filed pursuant to 47 C.F.R. \$5.4.303(a) "5 year plan" on file with the FCC, as it relates to your progress report filed pursuant to 47 C.F.R. \$5.4.303(a) [1]. If your only required to address voice telephony service Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to \$5.4.202(a). The information shall be submitted at the wire center level or census block as appropriate. 1133 Maps detailing progress towards meeting plan targets 1144 Report how much universal service (USF) support was received 1155 How (USF) was used to improve service capacity 1166 How (USF) was used to improve service capacity 1176 How (USF) was used to improve service capacity 1187 How (USF) was used to improve service capacity 1188 Provide and Progress report improvement targets not met	ISefvice Quality Improvement Reporting		

1. 160 to 15
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kmmgr@kmtel.net	<039> Contact Email Address - Email Address of person identified in data line <030>	<039>
402-482-5220	<035> Contact Telephone Number - Number of person identified in data line <030>	<032>
Larry Woods	<030> Contact Name - Person USAC should contact regarding this data	<030>
2014	<020> Program Year	<020>
K & M Telephone Company, Inc.	<015> Study Area Name	<015>
371565	<010> Study Area Code	<010>

Preventative	Procedures											
Service Outage	Resolution											
Did This Outage Affect Multiple Study Areas	(Yes / No)											
Service Outage Description (Check	all that apply)											
911 Facilities Affected	- i											
Total Number of	Customers											
Number of	Customers Affected											
72	Time			-								
Outage End	Date											
Outage Start	Time											
Outage Start Outage End	Date											
۸۱	Number		i									

Control of the Contro	171565	K & M Telephone Company, Inc.	2014	Larry Woods	402-482-5220	kmmgr@kmtel.net			Doing Business As Company or Brand Designation												
									SAC												
(SON) on many someonies and Villiage. Dans collection form		- 1	- 1		- 1	- 1	Repoliting Califer	<811> Holding Company K & M Telephone Company, Inc.													

Study Area Code Study Area Name Program Year Contact Name - Person USAC should contact regarding this data Contact Telephone Number - Number of person identified in data line <030> Contact Telephone Number - Number of person identified in data line <030> Tribal Land(s) on which ETC Serves Tribal Land(s) on which ETC Serves Tribal Government Engagement Obligation If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached pDF, on line 920, demonstrates coordination with the Tribal community anchor institutions; Reasibility and sustainability planning. Marketing services in a culturally sensitive manner; Compliance with Rights of way processes Compliance with Rights of way processes Compliance with Environmental Review processes Compliance with Cultural Preservation review processes	20								Name of Attached Document (.pdf)		No,								
Color Study A	Sool inbal lands Reporting bitt collection form	10> Study Area Code	15> Study Area Name	20> Program Year		- [10> Tribal Land(s) on which ETC Serves	20> Tribal Government Engagement Obligation		If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:	ilec	Needs assessment and deployment planning with a focus on Tribal	2> Feasibility and sustainability planning;	3> Marketing services in a culturally sensitive manner;	_	5> Compliance with Land Use permitting requirements	7> Compliance with Environmental Review processes	8> Compliance with Cultural Preservation review processes	<929> Compliance with Tribal Business and Licensing requirements.

0.0 His contraction (1998)						
		a line <030> a line <030>				
140)Not ferresural Reconzul Reporting	1 1	 Program Year Contact Name - Person USAC should contact regarding this data Contact Telephone Number - Number of person identified in data line <030> Contact Email Address - Email Address of person identified in data line <030> 		Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)		
	<010>	4020403040354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035403540354035<	<1120>	<1130>		

S Caromida III. ON BEGIND IN 0. SOGED-98.6 ANVIOUS	371565	K & M Telephone Company, Inc.	2014	Larry Woods	402-482-5220	kmmgr@kmtel.net	371565ne1210.pdf Name of attached document (.pdf)					
12200), retens and condition for treatment connects infeline	<010> Study Area Code		1	1		Contact Email Address - Email Address of person identified	<1210> Terms & Conditions of Voice Telephony Lifeline Plans Name of	HTTP HTTP	Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually	report: <1221> Information describing the terms and conditions of any voice X telephony service plans offered to Lifeline subscribers,	<1222> Details on the number of minutes provided as part of the plan,	<1223> Additional charges for toll calls, and rates for each such plan. X

got en da service en de deservice en de deservice en de		ort to offset access charge reductions, and Connect America Phase II ts attached below is accurate.					ormation
mily) ny vice empassa: sestanty, consisso		 Contact Email Address of person identified in data line <030> Contact Email Address - Email Address of person identified in data line <030> Contact Email Address - Email Address of person identified in data line <030> Contact Email Address - Email Address of person identified in data line of line and in the documents attached below is accurate. 	s i reporting R § 54.313(b)(1)) R § 54.313(b)(2)}	support Certification {47 CFR § S4.312(a)} cation cation port Certification	ICC Support {47 CFR § 54.313(d)} o Build Broadband	PDF, 0 4.313 (. . names.	community anchor institutions to which began providing access to biologicals. Service in the preceding calendar year. Interim Progress Community Anchor Institutions
ovēry Griedrik (drominisch) abor som Ros griedem smitte gilbing (dr	Study Area Code Study Area Name Program Year Contact Name - Person USAC should contact regarding this data	Contact Email Address - Email Address of person identified in data Contact Email Address - Email Address below to note compliance as a recipient of Incremental Cost boxes below to note support as set forth in 47 CFR § 54.31	Incremental Connect America Phase I reporting 2nd Year Certification (47 CFR § 54.313(b)(1)) 3rd Year Certification (47 CFR § 54.313(b)(2))	Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 2013 Frozen Support Certification 2014 Frozen Support Certification 2015 Frozen Support Certification 2015 Frozen Support Certification 2015 and future Frozen Support Certification	Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)} Certification Support Used to Build Broadband	Connect America Phase II Reporting {47 CFR § 54.313(e)} 3rd year Broadband Service Certification 5th year Broadband Service Certification Interim Progress Certification please check the box to confirm that the attached contains the required information pursuant to § 5 of CAF Phase II support shall provide the number.	community anchor institutions to which began pi service in the preceding calendar year. Interim Progress Community Anchor Institutions
2003) Press Psychologia Psychologia	<010> Stu <015> Stu <020> Pro <030> Co	<039> Co <039> Co CHECK the b	In <2010> <2011>	P <2012> <2013> <2013> <2014> <2016> <2016> <2016> <2016> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015> <2015>	F <2016>	<22017> <2018> <2019> <2020>	<2021>

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Page 9

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

			Yes (Yes/No) Yes (Yes/No)	×××	371565ne3017.pdf	(Yes/No)				[] [][
noitemanial besime a selection of the	Name of Attached Document Listing Required intuitions		Name of Attached Document Listing Required Information			Name of Attached Document Listing Required Information								Name of Attached Document Listing Required information
Progress Report on a real crui	Milestone Certification (47 CFR§ 54.313($\beta(1)(i)$) please check this box to confirm that the attached PDF , on line 3012,	contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	Community Anchor Institutions (47 CFR § 54.319(f)[1](ii)) is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) if yes, does your company file the RUS annual report please check these boxes to confirm that the attached PDF, on line 3017, please check these boxes to confirm that the standard PDF, on line 3017,	contains the required information poisons were required: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows		If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains	Either a copy of their audited financial statement, or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications ppp of balance Sheet, income Statement and Statement of Cash Flows		If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2),	contains: Copy of their financial statement which has been subject to review by an independent certified public accountant, or 2) a financial report in a independent certified public accountant, or 2) a financial report in format comparable to RUS Operating Report for Telecommunications	Borrowers, Underfrom information subjected to a review by an independent certified Universariant		
	(3010)		(3012) (3013) (3014)	(3015)	(3016)	(3017)		(3019)	(3021)		(3022)	(3023)	(3024)	(3026)

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	Study Area Code	371565
		K & M Telephone Company, Inc.
<015>	Study Area Name	2014
<020>	Program Year	Larry Woods
<030>	Contact Name - Person USAC should contact regarding this data	402-482-5220
<035>	Contact Telephone Number - Number of person identified in data line <030>	kmmgr@kmtel.net
<039>	Contact Email Address - Email Address of person identified in data line <030>	KIRINGLE-AIRCEATICS

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

IO DE COMMERCIES STATISTICS	•		
I certify that I am an officer of the reporting carri reciplents; and, to the best of my knowledge, the	er; my responsibilities incl information reported on t	ade ensuring the accuracy of the annual repor his form and in any attachments is accurate.	ting requirements for universal service support
Name of Reporting Carrier: K & M Telephone Cor		Wener	$D_{ate} \sqrt{9 - 23 - 13}$
Printed name of Authorized Officer: Dennis D. We	erner		
Title or position of Authorized Officer: President			
Telephone number of Authorized Officer: 402-4	32-5220		
Study Area Code of Reporting Carrier:	371565	Filing Due Date for this form:	10/15/2013
Persons willfully making false statements on t	this form can be punished by f under Title 18	Ine or forfeiture under the Communications Act of the United States Code, 18 U.S.C. § 1001.	1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment
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<010>	Study Area Code
<015>	Study Area Name
<020>	Program Year
<030>	Contact Name - Person USAC should contact regarding this data
<035>	Contact Telephone Number - Number of person identified in data line <030>
<039>	Contact Email Address - Email Address of person identified in data line <030>

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

I certify that (Name of Agent) also certify that I am an officer of the reporting carrier; agent; and, to the best of my knowledge, the reports a	my responsibilities include ensuring the accuracy of the	ubmit the information reported on behalf of the reporting car annual data reporting requirements provided to the authoriz
Name of Authorized Agent:		
Name of Reporting Carrier:		
Signature of Authorized Officer:		Date:
Printed name of Authorized Officer:		
Title or position of Authorized Officer:		
Telephone number of Authorized Officer:		
Study Area Code of Reporting Carrier:	Filing Due Date for this form:	10/15/2013

TO BE COMPLETED BY THE AUTHORIZED AGENT:

	Certification of Agent Auth	norized to File Annual Reports for CAF or LI Recipier	its on Behalf of Reporting Carrier
		ized to submit the annual reports for universal service suppor porting carrier; and, to the best of my knowledge, the informa	t reciplents on behalf of the reporting carrier; I have provided tion reported herein is accurate.
Name	of Reporting Carrier:		
	of Authorized Agent or Employee of Agent:		
	ure of Authorized Agent or Employee of Agent:		Date:
7	d name of Authorized Agent or Employee of Agent:		
Title o	r position of Authorized Agent or Employee of Agent		
Teleph	one number of Authorized Agent or Employee of Agen	ıt:	
Study	Area Code of Reporting Carrier:	Filing Due Date for this form:	10/15/2013
	Persons willfully making false statements on this form ca	on be punished by fine or forfeiture under the Communications Act of 18 of the United States Code, 18 U.S.C. § 1001.	1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title

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010: Study Area Code					
015> Study Area Name					
020: Program Year 030: Contact Name - Person USAC should contact regarding	this data				
030: Contact Name - Person OSAC should contact regardly	ied in data line <030>				,
035: Contact Telephone Number - Number of person identif	Sad in data line <030>				
039: Contact Email Address - Email Address of person identi	The arrange and the same			П	
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Filed as subsidiary of reviewed consolidated company				·	
		CERTIFICA	TION	ur knowledge and belief.	ļ
We hereby certify that the entries in this report are in accord	dance with the accounts and	other records of the	ystem and renect the states of the system		
			_		
Signature		PART A. BALA	NCE SHEET	BALANCE PRIOR	BALANCE END OF
	BALANCE PRIOR	BALANCE END OF PERIOD	LIABILTIES AND STOCKHOLDERS' EQUITY	YEAR	PERIOD
ASSET5	YEAR	<i>IIIIIIIII</i>	CURRENT LIABILITIES		
CURRENT ASSETS			25. Accounts Payable		
1. Cash and Equivalents			26. Notes Payable	_	
Cash-RUS Construction Fund Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/Y Debt		
c. Notes Receivable	mmm	innimini	30. Current Mat. L/T Debt-Rur, Dev.		
4. Non-Affiliates:			31. Current MatCapital Leases 32. Income Taxes Accrued		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued 33. Other Taxes Accrued		
b. Other Accounts Receivable			34. Other Current Liabilities		<u> </u>
c. Notes Receivable		 	35. Total Current Liabilities (25 thru 34)	manne	minimi
5. Interest and Dividends Receivable		 	LONG-TERM DEBT		Million
6. Material-Regulated			36. Funded Debt-RUS Notes		
7. Material-Nonregulated			37. Funded Debt-RTB Notes		
8. Prepayments			38. Funded Debt-FFB Notes		
9. Other Current Assets O. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
o. Total Current Assers (2 Time 4)			40. Funded Debt-Rural Develop. Loan		
NONCURRENT ASSETS			41. Premium (Discount) on L/T Debt		
Investment in Affiliated Companies		<i>Million</i>	42. Reacquired Debt 43. Obligations Under Capital Lease		
a. Rural Development		 	43. Obligations Under Capital Lease 44. Adv. From Affiliated Companies		
b. Nonrural Development		William .	45. Other Long-Term Debt		
2. Other investments		dillinin	46. Total Long-Term Debt (36 thru 45)		mmmm.
a. Rural Development			OTHER LIAB. & DEF. CREDITS		
b. Nonrural Development			47. Other Long-Term Liablities		
Nonregulated Investments Other Noncurrent Assets			48. Other Deferred Credits		-
5. Deferred Charges			49. Other Jurisdictional Differences	h 40)	T
6. Jurisdictional Differences			50. Total Other Liabilities and Deferred Credits (47 t	IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII	
7. Total Noncurrent Assets (11 thru 16)	mmm	mmmm	EQUITY 51. Cap. Stock Outstanding & Subscribed		
		HHHHH	51. Cap. Stock Outstanding & Subscribed 52. Additional Paid-in-Capital		
PLANT, PROPERTY, AND EQUIPMENT		ammin	53. Treasury Stock		
8. Telecom, Plant-in-Service			S4. Membership and Cap. Certificates		
9. Property Held for Future Use			SS. Other Capital		
0. Plant Under Construction			S6. Patronage Capital Credits		_
Plant Adj., Nonop. Plant & Goodwill Less Accumulated Depreciation			57. Retained Earnings or Margins		
3. Net Plant (18 thru 21 less 22)		mmm	58. Total Equity (51 thru 57)	HIIIIII	
			TOTAL MARINITIES AND EQUITY (35-46-50-)		
4 TOTAL ASSETS (10+17+23)			59. TOTAL LIABILITIES AND EQUITY (35+46+50+	<u>,01 1 — — — — — — — — — — — — — — — — — —</u>	

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Income Statement: Data Collection Form: 148		
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<010> Study Area Code

<015> Study Area Name

<020> Program Year

<030> Contact Name - Person USAC should contact regarding this data
<035> Contact Telephone Number - Number of person identified in data line <030>

<039> Contact Email Address - Email Address of person Identified in data line <030>

	ITEM		PART B. STATEMENTS OF INCOME AND RETAINED EARINGS OR MARGINS						
1.	Local Network Services Revenues	PRIOR YEAR	THIS YEAR						
2.	Network Access Services Revenues	-	 						
3.	Long Distance Network Services Revenues								
4.	Carrier Billing and Collection Revenues	 							
5.	Miscellaneous Revenues		<u> </u>						
6.	Uncollectible Revenues	 	<u> </u>						
7.	Net Operating Revenues (1 thru 5 less 6)								
8.	Plant Specific Operations Expense	-							
9.	Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		 						
10.	Depreciation Expense								
11.	Amortization Expense								
12.	Customer Operations Expense								
13.	Corporate Operations Expense		 						
14.	Total Operating Expenses (8 thru 13)	-	 						
15.	Operating income or Margins (7 less 14)	 	ļ						
16.	Other Operating Income and Expenses								
17.	State and Local Taxes								
8.	Federal Income Taxes	 	 						
9.	Other Taxes								
!0.	Total Operating Taxes (17+18+19)								
1.	Net Operating Income or Margins (15+16-20)	 							
2.	Interest on Funded Debt								
3,	Interest Expense - Capital Leases	 							
4.	Other Interest Expense	ļ							
 5.	Allowance for Funds Used During Construction	 							
5. 6.	Total Fixed Charges (22+23+24-25)								
7.	Nonoperating Net Income								
8.	Extraordinary Items								
9.	Jurisdictional Differences								
0.	Nonregulated Net Income								
1.	Total Net Income or margins {21+27+28+29+30-26}	 							
2. 2.	Total Taxes Based on Income								
3.									
3. 4.	Retained Earnings or Margins Beginning-of-Year								
4. 5.	Miscellaneous Credits Year-to-Date Dividends Deshard (Community)								
5. 5.	Dividends Declared (Common)								
<u>. </u>	Dividends Declared (Preferred) Other Debits Versco-Date								
	Other Debits Year-to-Date Transfers to Patronage Capital								
9. 9.									
0.	Retained Earnings or Margins end-of-Period ((31+33+34)-(35+36+37+38)) Patronage Capital Beginning-of-Year								
	Transfers to Patronage Capital								
	Patronage Capital Credits Retired								
3.	Patronage Capital End-of-Year (40+41-42)								
	Annual Debt Service Payments								
<u>•. </u>									
	Cash Ratio [(14+20-10-11)/7] Operation Acquisit Paris (144-20-20-17)								
	Operating Accrual Ratio [(14+20+26)/7]								
	TIER [(31+26)/26]	l							

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<0.10> Study Area Code
 <0.15> Study Area Name
 <0.20> Program Year
 <0.030> Contact Name - Person USAC should contact regarding this data
 <0.035> Contact Telephone Number - Number of person identified in data line <0.30>
 <0.039> Contact Email Address - Email Address of person identified in data line <0.30>

	PART C. STATEMENTS OF CASH FLOWS	
디	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
	CASH FLOWS FROM OPERATING ACTIVITIES	
7.	Net Income	
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
m	Add: Depreciation	
4	Add: Amortization	
Š	Other (Explain)	
	Changes in Operating Assets and Liabilities	
9		
۲.	Decrease/(Increase) in Materials and Inventory	
∞i	Decrease/(Increase) in Prepayments and Deferred Charges	
9.	Decrease/(Increase) in Other Current Assets	
10.	Increase/(Decrease) in Accounts Payable	
11.	Increase/(Decrease) in Advance Billings & Payments	
12.	Increase/(Decrease) in Other Current Liabilities	
13.	Net Cash Provided/(Used) by Operations	
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(increase) in Notes Receivable	
12	Increase/(Decrease) in Notes Payable	
19	Increase/(Decrease) in Customer Deposits	
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	
13	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20	Less: Payment of Dividends	
21.	Less: Patronage Capital Credits Retired	Western
22.	Other (Explain)	
23.	Net Cash Provided/(Used) by Financing Activities	
	CASH FLOWS FROM INVESTING ACTIVITIES	
24.	erty, Plant & Equipment)	
22.	Other Long-Term Investments	
26.	Other Noncurrent Assets & Jurisdictional Differences	
27.	Other (Explain)	
28.	Net Cash Provided/(Used) by Investing Activities	
53	Net Increase/(Decrease) in Cash	
30	Ending Cash	
	<u> </u>	

K & M Telephone Company, Inc.

<u>Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules</u>

Service Quality Standards

K & M Telephone Company, Inc. (herein after the "Company"):

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.
- Advertises the availability of its services and the charges using media of general distribution and on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call during normal business hours.
- Directs after hour calls to the Company's voice mail system with the option to call emergency contacts.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
 - o Answer all incoming calls promptly.
 - o Respond to all inquiries for information promptly and courteously.
 - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
 - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

K & M Telephone Company, Inc.

Nebraska Telephone Assistance Program Terms and Conditions

Nebraska Telephone Assistance Program

The Nebraska Telephone Assistance Program (NTAP) is available for qualifying customers of K & M Telephone Company, Inc. (herein after the "Company"). NTAP assistance reduces the cost of basic, monthly local telephone service. Eligible consumers can receive up to \$12.75 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in NTAP. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers may not be charged a deposit.

NTAP is administered by the Nebraska Public Service Commission.

NTAP Eligibility Information

Program Based Eligibility

To qualify for NTAP, subscribers must either have an income that is at or below 135% of the Federal Poverty Guidelines, or the subscriber, one or more of the subscriber's dependents, or the subscriber's household must receive benefits from one of the following assistance programs:

- Low-Income Home Energy Assistance Program (LIHEAP)
- Federal Public Housing Assistance (Section 8)
- Medicaid
- Children's Health Insurance Program /Kids Connection (SAM, MAC or EMAC)
- Supplemental Nutrition Assistance Program (SNAP); (formerly the Food Stamps Program)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- National School Lunch Program Free Lunch program
- State assistance programs (if applicable)

NTAP application may be obtained for the Company, the local *Health and Human Services* agency caseworker or the *Nebraska Public Service Commission (NPSC)*, The contact information for the NPSC is 1200 N Street, Suite 300, PO Box 94927, Lincoln, NE 68508-4927, Phone: 402-471-3101, Tol I Free: 1-800-526-0017 or https://ntap.gisworkshop.com/

NTAP applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for NTAP if their household income is at or below 135% of the federal poverty guidelines.

2013 Federal Poverty Guidelines - 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,512	\$19,373	\$17,861
2	\$20,939	\$26,163	\$24,098
3	\$26,366	\$32,954	\$30,335
4	\$31,793	\$39,744	\$36,572
5	\$37,220	\$46,535	\$42,809
6	\$42,647	\$53,325	\$49,046
7	\$48,074	\$60,116	\$55,283
8	\$53,501	\$66,906	\$61,520
For each additional person, add	\$5,427	\$6,791	\$6,237

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Numbers of Minutes-of-Use Provided as Part of NTAP Program Service

The Company's Voice NTAP service includes unlimited local minutes-of-use within the toll-free calling area. The Company's Voice NTAP Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the NTAP service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the NTAP credit on any type or grade of local service, including bundled services that are normally offered by the Company. Advertised rates do not include any applicable taxes or surcharges.

Recertification of NTAP Eligibility

NTAP recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for NTAP will result in termination of the NTAP recipient's monthly NTAP discount and de-enrollment from NTAP.

Additional NTAP Program Information

NTAP is limited to one benefit per household, consisting of either wire line or wireless service. A household is defined as an individual or group of individuals who live together at the same address and share income and expenses. NTAP is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

K & M Telephone Company, Inc.

Functionality in Emergency Situations

Back-Up Power

K & M Telephone Company, Inc. (herein after the "Company") has reasonable back-up power to keep equipment functioning during commercial electrical power interruptions. Central offices have stand-by generators that come on-line automatically if power is interrupted. Remote equipment cabinets and huts have battery supplied power that will keep the equipment operational until portable generators can be deployed. An adequate number of portable generators are maintained to cover a wide spread power outage.

Rerouting of Traffic around Damaged Facilities

The Company will be able to reroute traffic around damaged facilities. Connecting companies have redundant routing for signaling and trunk traffic. The Company has plans in place to repair local facilities in a timely manner to restore traffic capability.

Traffic Spikes

The Company's switching and transport equipment has sufficient capacity to handle any unexpected spike in traffic. Trunking capacity has been installed at the capacity of normal engineering practices. The switching equipment has a very significant reserve of unused capacity.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, acarching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

scarching existing data sources, gathering and manuality	ig the data neceed, and co	miprening and reviewing	and defined in the control of the co	
USDA-R	บร		This data will be used by RUS to review your financial situation. Young, subject to federal laws and regulations regarding confidential BORROWER NAME	
	EDODT FOR			
OPERATING RE TELECOMMUNICATIO		RS	K. & M. Telephone Company, Inc.	
I ELECCIAIMICIAICA IIO	140 DOMNOHER		(Prepared with Audited Data)	>
INSTRUCTIONS-Submit report to RUS within 30 c	lays after close of the p	period.	PERIOD ENDING	BORROWER DESIGNATION
INSTRUCTIONS-Submit report to ROS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.			December, 2012	NE0548
			ERTIFICATION	atus of the sustain
to the best of our knowledge and belief ALL INSURANCE REQUIRED BY RENEWALS HAVE BEEN OBTAIL	: 7 CFR PART 1788 NED FOR ALL PO	, CHAPTER XVI LICIES.	ounts and other records of the system and reflect the sl I, RUS, WAS IN FORCE DURING THE REPORTI	NG PERIOD AND
DURING THE PERI	OD COVERED BY	THIS REPORT (Check one	PURSUANT TO PART 1788 OF 7CFR CHAPTER of the following)	XVII & C. 1
All of the obligations under the RUS loan of have been fulfilled in all material respects.	ocuments		There has been a default in the fulfillment of the obliqued the RUS loan documents. Said default(s) is the specifically described in the Telecom Operating Rep.	igations tre cont
Dennis Werner		3/9/2013	· •	
		DATE		
		PART A	A. BALANCE SHEET	
	DALANCE	BAĻANCE		BALANCE BALANCE
ASSETS	PRIOR YEAR	END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	PRIOR YEAR END OF PERI
CURRENT ASSETS			CURRENT LIABILITIES	
1. Cash and Equivalents		i	25. Accounts Payable	
2. Cash-RUS Construction Fund	Hitterson	man interest and the second second second	26. Notes Payable	
3. Affiliates:			27. Advance Billings and Payments	
a. Telecom, Accounts Receivable	_1		28. Customer Deposits	
b. Other Accounts Receivable			29. Current Mat. L/T Debt	
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.	
4. Non-Affiliates:			31. Current MatCapital Leases	
a. Telecom, Accounts Receivable			32. Income Taxes Accrued	
b. Other Accounts Receivable	-		33. Other Taxes Accrued	
c. Notes Receivable			34. Other Current Liabilitles 35. Total Current Liabilities (25 thru 34)	
5. Interest and Dividends Receivable			LONG-TERM DEBT	
6. Material-Regulated			36. Funded Debt-RUS Notes	
7. Material-Nonregulated	+		37. Funded Debt-RTB Notes	
8. Prepayments			38. Funded Debt-FFB Notes	
9. Other Current Assets	† 1		39. Funded Debt-Other	
O. Total Current Assets (1 Thru 9)			40. Funded Debt-Rural Develop. Loan	<u> </u>
NONCURRENT ASSETS 1. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	
a. Rural Development		Marcon 200 (200 (200 (200 (200 (200 (200 (200	2. Reacquired Debt	
b. Nonrural Development		A	43. Obligations Under Capital Lease	
2. Other Investments			44. Adv. From Affiliated Companies	
a. Rural Development	}		45. Other Long-Term Debt	
b. Nonrural Development		1	46. Total Long-Term Debt (36 thru 45)	Transferred to the state of the
3. Nonregulated investments			OTHER LIAB. & DEF. CREDITS	
4. Other Noncurrent Assets			47. Other Long-Term Liabilities	
5. Deferred Charges			4B. Other Deferred Credits	
6. Jurisdictional Differences			49. Other Jurisdictional Differences	
7. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)	film against the same of the s
LANT, PROPERTY, AND EQUIPMENT		Statute Committee Committe	EQUITY	
8. Telecom, Plant-in-Service	4		51. Cap. Stock Outstand. & Subscribed	
Property Held for Future Use			52. Additional Paid-in-Capital	
0. Plant Under Construction			53. Treasury Stock	
21. Plant Adj., Nonop. Plant & Goodwill		i	54. Membership and Cap. Certificates	
22. Less Accumulated Depreciation			55. Other Capital	
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits	
4. TOTAL ASSETS (10+17+23)	1		57. Retained Eamings or Margins	
			58. Total Equity (51 thru 57)	a same and the sam
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	

BORROWER DESIGNATION USDA-RUS NE0548 **OPERATING REPORT FOR** PERIOD ENDING **TELECOMMUNICATIONS BORROWERS** December, 2012 INSTRUCTIONS- See RUS Bulletin 1744-2 PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS ITEM THIS YEAR PRIOR YEAR 1. Local Network Services Revenues 2. Network Access Services Revenues 3. Long Distance Network Services Revenues Carrier Billing and Collection Revenues Miscellaneous Revenues 6. Uncollectible Revenues 7. Net Operating Revenues (1 thru 5 less 6) 8. Plant Specific Operations Expense 9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization) Depreciation Expense Amortization Expense 12. Customer Operations Expense Corporate Operations Expense 14. Total Operating Expenses (8 thru 13) 15. Operating Income or Margins (7 less 14) Other Operating Income and Expenses 17. State and Local Taxes 18. Federal Income Taxes 19. Other Taxes 20. Total Operating Taxes (17+18+19) 21. Net Operating Income or Margins (15+16-20) 22. Interest on Funded Debt 23. Interest Expense - Capital Leases 24. Other Interest Expense Allowance for Funds Used During Construction 26. Total Fixed Charges (22+23+24-25) Nonoperating Net Income 28. Extraordinary Items 29. Jurisdictional Differences 30. Nonregulated Net Income Total Net Income or Margins (21+27+28+29+30-26) 31. Total Taxes Based on Income 32 33. Retained Earnings or Margins Beginning-of-Year 34. Miscellaneous Credits Year-to-Date 35. Dividends Declared (Common) 36. Dividends Declared (Preferred) 37. Other Debits Year-to-Date Transfers to Patronage Capital 39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)] 40. Patronage Capital Beginning-of-Year 41. Transfers to Patronage Capital Patronage Capital Credits Retired 43. Patronage Capital End-of-Year (40+41-42) 44. Annual Debt Service Payments Cash Ratio [(14+20-10-11) / 7] Operating Accrual Ratio [(14+20+26) / 7] TIER [(31+26) / 26] 48. DSCR [(31+26+10+11) / 44]

USDA-RUS BORROWER DESIGNATION NE0548 OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS PERIOD ENDED December, 2012 INSTRUCTIONS - See RUS Bulletin 1744-2 Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION 1. RATES 2. SUBSCRIBERS (ACCESS LINES) 3. ROUTE MILES **EXCHANGE** BUSINESS RESIDENTIAL TOTAL TOTAL (including fiber) (a) (a) (a)

									
USDA-RUS							BORROWER	BORROWER DESIGNATION	
	OPERATING REPORT FOR							NE0548	
-		TELECOMM	UNICATION	S BORROWE	RS		PERIOD END	€D	
				a.			December, 20	12	
	INSTRUCTIONS - See RUS Bulletin 1744-2								
	Part C	C. SUBSCRIBER	ACCESS LINE).	ROUTE MILE, &	HIGH SPEED	DATA INFORMA	ATION		
	Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION 4. BROADBAND SERVICE								
Details on Least Expensive Broadband Serv							ervice		
SYCHANGE IN A STATE OF THE STAT							Standalone/Pckg	Type Of Technology	
(a) (b) (c) (d) (e) (f)							(f)	(g)	
lı.	19								
Total									

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OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS				PERIOD ENDING			
			PERIOD ENDING December, 2012				
INSTRUCTIONS- See RUS Bulletin 1744-2		,					
	PART D. SYS	TEM DATA					
. No. Plant Employees	3. Square Miles Serv	ved	4. Access Lines per S	Square Mile	5. Subscribers per Route I		
	PART E. TO	LL DATA	,				
. Study Area ID Code(s) 2 Types (of Toll Settlements (Check	· ·					
b	or row octaements (Check	Interstate:	Average Sche	dule	Cost Basis		
c		Intrastate:	Average Sche	dule	Cost Basis		
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PART	F. FUNDS INVESTED IN	PLANT DURING Y	EAR				
	F. FUNDS INVESTED IN	I PLANT DURING YE	EAR				
RUS, RTB, & FFB Loan Funds Expended	F. FUNDS INVESTED IN	I PLANT DURING YE	EAR ·				
RUS, RTB, & FFB Loan Funds Expended Other Long-Term Loan Funds Expended	F. FUNDS INVESTED IN	PLANT DURING YE	EAR				
RUS, RTB, & FFB Loan Funds Expended Other Long-Term Loan Funds Expended Unds Expended Under RUS Interim Approval	F. FUNDS INVESTED IN	I PLANT DURING YE	EAR				
RUS, RTB, & FFB Loan Funds Expended Other Long-Term Loan Funds Expended unds Expended Under RUS Interim Approval Other Short-Term Loan Funds Expended	F. FUNDS INVESTED IN	I PLANT DURING YE	EAR				
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RUS, RTB, & FFB Loan Funds Expended Other Long-Term Loan Funds Expended Funds Expended Under RUS Interim Approval Other Short-Term Loan Funds Expended General Funds Expended (Other than Interim) Funds Expended	G. INVESTMENTS IN AFI CURRENT Investment	FILIATED COMPANI YEAR DATA Income/Loss	ES Cumulative Investment	Cumulative Income/Loss	Current		

USDA-RUS BORROWER DESIGNATION **OPERATING REPORT FOR** NE0548 **TELECOMMUNICATIONS BORROWERS** PERIOD ENDING December, 2012 PART H. CURRENT DEPRECIATION RATES Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) X YES NO **EQUIPMENT CATEGORY** DEPRECIATION RATE Land and support assets - Motor Vehicles Land and support assets - Aircraft Land and support assets - Special purpose vehicles Land and support assets - Garage and other work equipment Land and support assets - Buildings Land and support assets - Furniture and Office equipment Land and support assets - General purpose computers Central Office Switching - Digital Central Office Switching - Analog & Electro-mechanical 10. Central Office Switching - Operator Systems 11. Central Office Transmission - Radio Systems 12. Central Office Transmission - Circuit equipment 13. Information origination/termination - Station apparatus 14. Information origination/termination - Customer premises wiring 15. Information origination/termination - Large private branch exchanges 16. Information origination/termination - Public telephone terminal equipment 17 Information origination/termination - Other terminal equipment 18. Cable and wire facilities - Poles Cable and wire facilities - Aerial cable - Metal 20. Cable and wire facilities - Aerial cable - Fiber 21. Cable and wire facilities - Underground cable - Metal 22. Cable and wire facilities - Underground cable - Fiber 23. Cable and wire facilities - Buried cable - Metal Cable and wire facilities - Buried cable - Fiber 25. Cable and wire facilities - Conduit systems 26. Cable and wire facilities - Other

1	USDA-RUS	BORROWER DESIGNATION
	OPERATING REPORT FOR	NE0548
	TELECOMMUNICATIONS BORROWERS	PERIOD ENDED
IN	STRUCTIONS – See help in the online application.	December, 2012
 		
1.	PART I – STATEMENT OF CA	SH FLOWS
 	Construction Fund)	
2.	CASH FLOWS FROM OPERATING ACTIVITIES	S
 -	Net Income	
3.	Add: Description	perating Activities
4.	Add. Depredation	
5.	Add: Amortization	
Э.	Other (Explain)	
!		
	Changes in Operating Assets and Liabilities	
6.	Decrease/(Increase) in Accounts Receivable	
7. 8.	Decrease/(Increase) in Materials and Inventory	
	Decrease/(Increase) in Prepayments and Deferred Charges	
9.	Decrease/(Increase) in Other Current Assets	
10.	Increase/(Decrease) in Accounts Payable	
11.	Increase/(Decrease) in Advance Billings & Payments	
12.	Increase/(Decrease) in Other Current Liabilities	
13.	Net Cash Provided/(Used) by Operations	
	CASH FLOWS FROM FINANCING ACTIVITIES	
14.	Decrease/(Increase) in Notes Receivable	· · · · · · · · · · · · · · · · · · ·
15.	Increase/(Decrease) in Notes Payable	
16.	Increase/(Decrease) in Customer Deposits	
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits	
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates	s & Other Capital
20.	cos. 1 syment of Dividends	Substitution of the substi
1.	Less: Patronage Capital Credits Retired	
2.	Other (Explain)	
1		
3	Net Cash Provided/(Used) by Financing Activities	
	CASH FLOWS FROM INVESTING ACTIVITIES	
4.	Net Capital Expenditures (Property, Plant & Equipment)	
5.	Other Long-Term Investments	
6.	Other Noncurrent Assets & Jurisdictional Differences	
7.	Other (Explain)	
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. 1	let Cash Provided/(Used) by Investing Activities	
. 1	et Increase/(Decrease) in Cash	
<u> </u>	nding Cash	
		Revision Date 2010

USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	NE0548 .
NSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
NOTES TO THE OPERATING REPO	RT FOR TELECOMMUNICATIONS BORROWERS
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BORROWER DESIGNATION		
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